

Airport & Harbor Cons

BY JASON SOEDA

For awhile now, the news has been jam-packed with stories about the sagging economy, massive layoffs and government bailouts. That is why it's so refreshing to see the long list of construction projects planned for Hawaii's airports and harbors in 2009. For this article, Building Industry asked state officials and contractors about their most noteworthy projects. They told us why airports and harbors remain an important source of work for the local construction industry.

Flying High

Airports and harbors are gateways into the islands. As such, it's important for them to be safe, secure and efficient. The individuals featured here understand this and are currently guiding major projects that will affect the safety and well-being of every citizen in the islands.

Let's begin with airports. In October 2008, we reported on Gov. Linda Lingle releasing \$20.10 million for capital improvements at four of



Primary switchgear in the Diamond Head electrical room; Kiewit Building Group completed the project.



Rendering of a modernized Honolulu International Airport

Hawaii's major airports as part of her administration's 12-year, \$2.3 billion Airports Modernization Plan. In the November 2008 issue, we reported that construction had just begun on the 2,100-foot-long, enclosed and air-conditioned International Arrivals Sterile Corridor at Honolulu International Airport (HNL).

As it turns out, there are many more modernization projects that are under way or planned for 2009. Brian Sekiguchi, deputy director of the Department of Transportation (DOT) Airports Division, tells us about the plan to improve airports

across the state:

"Under Gov. Lingle's leadership, we have embarked on an extraordinary \$2.3 billion, multiyear statewide Airports Modernization Program. The program was developed in close cooperation with the Airlines Committee of Hawaii and other airport and visitor industry partners. With generous support from the community, each airport will ultimately reflect a distinctly Hawaiian



Chilled water and condenser water pumps and piping in the new Diamond Head chiller plant built by Kiewit



The new Diamond Head air-conditioning chiller plant at Honolulu International Airport is 50 percent more energy efficient and has a greatly increased load capacity than the former facility.

Construction: 2009 Report



The newly completed eight-story parking structure at Honolulu International Airport. dck pacific construction LLC (formerly Dick Pacific) completed the project.

sense of place.”

Sekiguchi adds, “The Airports Division’s goal is to develop, manage and promote a high quality, cost-effective regional and global air transportation enterprise with the spirit of aloha for all.

“The modernization program will benefit the traveler by offering an improved travel experience,” says Sekiguchi. “Getting to and from the



The 3 million-square-foot airport facility is air conditioned by three separate chilled water systems that serve the Diamond Head, Central and Ewa Concourses. All three will be replaced within the next two years, and when complete, the upgrade of the airports chilled water system will save an estimated \$2.3 million per year in electrical operating costs and a reduce carbon dioxide emissions by 6,413 tons.

terminals and gates will be much easier, allowing travelers to focus on their destination rather than the difficulty of their journey. It is an exciting time at the state’s airports. Over the next decade, state airports will be transformed into facilities that are more efficient, more secure and more infused with the spirit of Hawaii. Our airports will become unique, world-class facilities we can all be proud of.”

Sekiguchi says the program is currently under way with approximately 10 percent of projects started since fiscal year 2008. “These projects include a wide range from infrastructure projects such as upgrading security systems, passenger information systems and aircraft parking to upgrades and new facilities for terminal buildings and cargo,” he says.

Sekiguchi describes the most noteworthy projects:

Honolulu International Airport:

“At HNL, a new 1,800-stall parking structure is nearing completion. (dck pacific construction is the contractor.) Located between the existing interisland and overseas parking structures, the new lot will increase HNL’s parking capacity from

4,500 to 6,300 stalls.

“Construction is still under way on the new International Arrivals Sterile Corridor that will provide passengers with an easy, secure route to the Federal Inspection Station (FIS). (Ralph S. Inouye Co., Ltd. is the contractor.) There will be a series of moving walkways to help arriving international passengers get to the FIS with more ease. The initial phase will be completed in mid-2009; the entire project will be completed by the fall of 2010.

“Furthermore, we just broke ground on the site preparation for a new Interisland Maintenance Facility. Construction of the new facility will begin in 2009. This kicks off the development of the Elliott Street area on the Ewa side of the airport, which also will include a multitenant air cargo building and a parking lot for airport employees.”

Sekiguchi adds that other noteworthy projects also are planned and ongoing on the neighbor islands: “The neighbor island airports originally were designed primarily for interisland operations, but Kona, Kahului and Lihue airports are now receiving direct flights from the mainland; Kahului and Kona also



The newly completed floating docks for Dock "B" at the Ala Wai Small Boat Harbor by Hawaiian Dredging Construction Co., Inc. The \$2.8 million contract included replacing the existing floating and fixed docks with new floating docks and utility systems. Approximately 140 boat slips will be upgraded in time for the 2009 Transpac.



Hawaiian Dredging's Pier 51B project

get direct flights from Canada and flights from Japan fly direct to Kona. Therefore, improvements are needed to accommodate current and future air traffic."

Kona International Airport:

"We are currently in the third phase of the parking lot expansion," says Sekiguchi. "When completed, the total inventory of public and employee stalls will be 1,800. Planned improvements to begin in the summer of 2009 include a new in-line baggage handling system, centralized security check point and air-conditioned hold room shelters."

Hilo International Airport:

"Currently under way is the construction of a new 80,000-square-foot cargo facility and apron to replace the existing facility," Sekiguchi adds. "The new facility will be located closer to the U.S. Post Office and the terminal and will also accommodate other light industrial airport activities. Also, the parking

lot will be expanded to add 800 stalls, bringing the total inventory to 1,500 stalls."

Kahului Airport: "A new airport access road is being designed to relieve traffic congestion and the parking area will be expanded to add 1,700 stalls, for a total of 3,800 stalls," describes Sekiguchi. "We are also relocating the explosive detection system (EDS) from the crowded ticket lobby to an area behind the ticket counters and improving and remodeling holding rooms, adding 20 percent more seating capacity."

Lihue Airport: "Baggage claim facilities are being renovated and expanded to replace the obsolete carousels with new, higher capacity carousels," Sekiguchi says, "which will be equipped to accommodate overseas passenger baggage. In 2009, the parking lot will be expanded, providing an additional 450 stalls, bringing the total inventory to 1,500 stalls. Also, the design is under way

for a new EDS (Explosive Detection System) similar to the one that will be installed at Kahului Airport."

Opportunities Abound

Kiewit Building Group, Inc.

Lance Wilhelm, senior vice president and area manager of Kiewit Building Group, says that airports are an important source of work for the local construction industry, especially his company.

"Airports around the state have provided Kiewit with a great deal of work opportunities over the years," says Wilhelm. "Going back to the construction of the Interisland Terminal at HNL, Kiewit has been able to win and build numerous projects for the Airports Division. As a client, we've always enjoyed working with DOT-Airports because they look for collaborative solutions to difficult problems, while maintaining a healthy sense of urgency. Generally this means that we can be most efficient and effective in carrying out our scope of work."

Wilhelm continues: "There are several unique challenges in working in and around the airport. The first and most obvious is the issue of security and logistics management. Working in and around the Airport Operating Area (AOA) requires prescreening and badging of all personnel crossing the security gates. We often have to begin the process of screening and badging our employees months before the project's scheduled start date. This process is made more challenging when you add the many subcontractor craft and staff workers as well as any engineers, quality control people, design team members and management to the group of project craftpeople that will be working there every day."

Wilhelm adds: "Another unique challenge is in the relationships between our client, the state of Hawaii, DOT Airports and the end user tenants, the various airlines that use the airport facilities. Contractually, we are obligated to the state of Hawaii and we fully

VISION: Quality and Innovation in Construction

Contractors fall into two categories: those that are production and schedule driven and those that are quality and safety driven. All four attributes have to exist in order to maintain long term profitability and to survive. Yet in the short term, priorities must be set and something inevitably gets sacrificed. Since resources aren't unlimited, what will go first?

At Nova, our people will never be criticized for demanding safety and delivering quality. These attributes have to be managed in an innovative way so that production goals and schedule milestones can still be met in the long term. If they cannot, we would rather not continue if someone gets injured or poor quality is the delivery because someone's priorities were wrong. Are these clichés or core values? Talk to our people, and then talk to our owners.

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understand our responsibility to follow the standard specifications as well as its special provisions and plan documents. Nevertheless, in many cases, we are building improvements that impact a specific tenant or operator within the airport complex, and we must remain ever vigilant about satisfying the greatest degree possible, their own interests, needs and desires. Satisfying both constituents can sometimes prove difficult and often requires deft negotiating skills."

Furthermore, Wilhelm says, "The other unique characteristic of working in the airports is the 24-hour nature of their operations. With tourism being a major driver of our entire economy, no interruptions in service can be permitted at the airport. And because some portion of the airport tends to be occupied and in use nearly 24 hours each day, we inevitably find ourselves working in and around the traveling public as well as airport operations personnel. As a frequent flyer myself, I know how demanding and frustrating travel can be even under the best of circumstances. The last thing any traveler wants to deal with is excessive noise, dust or access nuisances caused by some construction activity. We tend to plan our work with this traveler in mind so that we minimize any impact we might have on their already demanding travel plans."

Parsons

Pamela Dodson of Parsons says, "The overall vision for the Airports Modernization Program is airports that are uniquely Hawaiian, safe and

secure and efficient for passengers, airlines and all other businesses that have operations at the airport."

Tom McCabe, senior vice president, Pacific division of Parsons, adds, "Parsons is proud to lead a great team of consultants and contractors in supporting the state Airports Modernization Program. Given this current economic environment, programs such as this one are instrumental in providing opportunities and jobs that have a direct impact on the local A/E (architect-engineer) and construction industries as a whole. The program is statewide and therefore positively impacts all of the islands' economies. In fact, it comes at a very critical time because it responds to actual needs of updating and expanding existing facilities that are under capacity while, at the same time, benefiting the state's economy with no impact to taxes. Also, the timing works for a program like this because airport activity is currently down, and renovation and replacement work can occur with less impact to the traveling public. The state will be better positioned to serve the public with new, high-technology airport facilities when our economy turns around. Another advantage is that the state of Hawaii will benefit from potentially lower construction costs and a more competitive bidding climate — again leading to cost savings over the life of the program."

Anchors Away

February of last year, Building Industry reported on the Hawaii

Harbors Modernization Plan (HMP), which was developed by the DOT Harbors Division and Hawaii Harbors Users Group (HHUGS). Mike Formby, deputy director of the DOT Harbors Division, has an update on what's happening now.

Formby says: "DOT Harbors is in the process of finalizing schedules for the expenditure of the first round of funds from the FY 2009 bond issuance (\$120 million). Although appropriations were tied to a projected implementation schedule, the actual project expenditures are tied to bond issuances and the availability of project funds. We also are finalizing the proposed tariff increases to support the debt service from the bond issuances. We are working closely with the maritime community through coordination and consultation with HHUGS, led by Gary North."

Formby adds: "Under the HMP, working with our project implementation partner, Aloha Tower Development Corp. (ATDC), we are in the process of finalizing the publication of notices for the design and demolition of the Pier 39 shed, Honolulu Harbor, the Kawaihae Harbor development plan, a Hana Harbor development plan and the design of Pier 2 terminal yard improvements at Kawaihae.

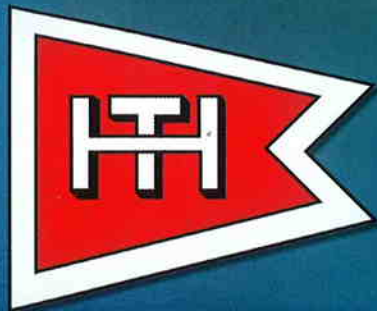
"We have many critical projects, the start of which will hopefully coincide with the federal economic stimulus assistance package for the state of Hawaii. Kapalama Military Reservation (KMR) is a new deep



Hawaiian Dredging's Pier 51B Container Yard project is nearing completion. It will allow the state's major shipping companies to modernize their operations.



Watts recently completed the upgrade to the NOAA Pacific Region Center Ship Operations Facility contract at Ford Island, Pearl Harbor, as a subcontractor to Healy Tibbitts Builders.



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Healy Tibbitts preparing Barge Manaikalani and Vehicle Barge Ramp System for Hawaii Superferry Pier 2, Kahului Harbor



Aerial Photo by Ed Gross



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Rev. David Kaupu blessing the jobsite prior to the start of the Submarine Drive-In Magnetic Silencing Facility at Beckoning Point, Pearl Harbor

draft container terminal in Honolulu Harbor. It will provide berthing for two container ships, 70 acres for cargo handling yard and a direct connect to the interisland carrier, Young Brothers. This facility is the major project in HMP and will be a great workforce stimulator. In addition to KMR, the completion of a new interisland pier and terminal facility in Hilo, Pier 4, will significantly increase cargo handling capacity for Hilo and the east side of the Big Island. Finally, we are acquiring critically needed land for harbor operations in Kahului, Maui, and making significant improvements to the existing cargo yards at Kawaihae, Hawaii."

In February, Building Industry reported that projected capital expenditures for the modernization plan was estimated at \$842 million. We asked Formby if that estimated cost has increased in light of the slowing economy. He says, "No, actually, based on decreased commercial harbor revenue projections, the total project list has been slightly lowered to \$618 million with a continued emphasis on the major and most critical projects."

The Marine Builders

Hawaiian Dredging Construction Co.

Cedric Ota, vice president of the waterfront and foundations division at Hawaiian Dredging Construction Co., Inc., gives us his opinion on the top marine projects of 2009:

"The top marine project for 2009 in my opinion will be the ongoing construction of the Submarine MSF at Beckoning Point, Pearl Harbor," says Ota. "This is a Healy Tibbitts/Watts Constructors joint venture. This is an important project for the Navy as well as the state."

Ota adds, "Other important marine related projects in 2009 include the completion of the Pier 51 and 52/53 Container Yard Improvement projects for Matson and Horizon Lines. These are Harbors Division projects (that) are supposed to allow the state's two major shipping companies to modernize their operations and move cargo and containers more efficiently through their container yards."

Ota says that Hawaiian Dredging is nearing completion of the Pier 51B Container Yard project. The contract value is approximately \$22 million. "It is also hoped that the state will continue to pursue implementation of its modernization plan for the commercial harbors."

Watts Constructors, LLC

In last year's story, Denny Watts, CEO and COO of Watts Constructors, LLC, said that waterfront or marine work has been one of the core competencies of the company since the beginning. He told us that the opportunities and rewards are generally much higher than that of commercial construction. This year, he reports a wide range of projects that are ongoing and planned in 2009.

"The PACFLT Submarine Drive-In MSF, Beckoning Point contract is an \$84.84 million submarine degaussing facility for the Navy here in Hawaii," says Watts. "This is a joint venture with Healy Tibbitts Builders. Work on this project began approximately two months ago."

Watts reports the company recently completed the upgrade to the NOAA Pacific Region Center Ship Operations Facility contract at Ford Island, Pearl Harbor, as a subcontractor to Healy Tibbitts Builders. He says the subcontract value was \$12.3 million.



Watts-Healy Tibbitts joint venture conducting test pile driving at Beckoning Point

"Watts Constructors is currently pursuing Navy and Coast Guard MACCs in the East Coast, West Coast and Gulf," Watts says. "We are looking forward to a number of marine projects in the future including the Navy MACC in Hawaii, another Navy MACC in San Diego, and the upgrade to Hawaii's waterfront infrastructure."

Healy Tibbitts Builders, Inc.

Rick Heltzel, president of Healy Tibbitts Builders, Inc., says that the outlook for waterfront construction in 2009 is uncertain due to the current economic crisis. However, he says he is able to share with us several projects that are progressing well.

Heltzel tells us more about the Beckoning Point project.

"This contract was awarded in August 2008," says Heltzel. "We are building a state-of-the-art pier facility for maintenance of the Pacific Submarine fleet. The work includes constructing a 600-foot horseshoe shaped pier to create a large slip to moor submarines. Work includes dredging as well as installing the pile supported reinforced concrete pier structure with complete electrical and mechanical utilities. Work should be completed

by third quarter of 2010."

Heltzel says that another significant project is the \$5.6 million dredging contract titled: "Maintenance Dredging at H-Piers, K-Docks and Middle Loch, Pearl Harbor."

"This contract includes constructing a new Confined Disposal Facility for depositing dredge material, and dredging, transporting and disposing of over 100,000 cubic yards of dredge material," says Heltzel. "Work should be completed by second quarter of 2009."

Another project that should be completed by the second quarter of 2009 is a \$10 million contract titled: "Overhaul Intermediate Caisson at Drydock No. 2, Pearl Harbor."

"This project includes the complete overhaul and maintenance of the intermediate floating caisson located in dry dock No. 2 at Pearl Harbor Navy Shipyard," says Heltzel.

Nova Group, Inc.

Building Industry asked Carole L. Bionda, vice president of Nova Group, Inc., about the company's workload for 2009.

"Already, in terms of dollar volume, 2009 will exceed 2008, and we do expect to be busier in 2009 than we were in 2008," says Bionda. "To date, as a prime contractor we are not experiencing any negative effects of the slowdown in Hawaii. We are seeing, however, in Hawaii as elsewhere, construction material prices dropping. Additionally, subcontract prices may be more competitive than when there is so much work. Lastly, as related, both our MILCON and O&M federal government work remain strong and growing."

Bionda adds, "The federal government, specifically the Department of Defense (DOD), does a very good job of publishing its budget for federal projects a good two to three years in advance. This process allows the contractor to track given projects by type of work as marine and harbor work and by location. While ultimately Congress funds the projects, the contractor does know what DOD

is proposing. For 2009 and 2010, marine infrastructure work is strong generally and strong in Hawaii, specifically, and this strength is in advance of President Barack Obama's economic stimulus plan which seems to be also focusing upon infrastructure."

Ron Moore, project manager for Nova Group, says military construction has kept the company busy with projects that benefit the safety of the islands.

Moore says: "On Sept. 11, 2008, Naval Facilities Engineering Command, Pacific, awarded a \$25.54 million firm fixed price delivery order to Nova Group, Inc. under a previously awarded multiple award construction contract for the design and construction of dry docks one and two and ship support services consisting of the installation of a chilled water plant with chilled water pumps, air cooled chillers, high pressure air compressors, nitrogen tanks, air receivers, space for portable emergency generators, electrical

switchgear and transfer equipment, the installation of a piping distribution system for chilled water, high pressure air, nitrogen, oxygen and propane, and the installation of exterior electrical and telecommunication/data services infrastructure at Pearl Harbor."

Moore explains why Nova's marine construction work is so crucial in the islands:

"Hawaii is the U.S. Navy's largest and most strategic island base in the Pacific and serves as headquarters of five major fleet commands. The Navy's presence in Hawaii was crucial during World War II, the Korean War and the Vietnam War. Much of the marine infrastructure at Pearl Harbor was constructed during the 1930s and early 1940s. The construction of two additional dry docks with modern, efficient shore facilities to support the Navy's largest ships and submarines is critical to and will facilitate the Navy's mission."

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